

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

Comins Township
Oscoda County, Michigan
Financial Report
With Supplemental Information
March 31, 2005

Comins Township

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INDEPENDENT AUDITOR'S REPORT

Township Board
Comins Township
Oscoda County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comins Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Comins Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Comins Township as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2005 on our consideration of Comins Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on page 3 through page 8 and pages 23-24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Comins Township's basic financial statements. The items identified as other supplementary information; detail of General Fund revenues and expenditures, Road Fund statement of revenues, expenditures and changes in fund balance, individual non major fund financial statements and statement of changes in assets and liabilities for the Agency Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information items have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter LLP
Certified Public Accountants
May 27, 2005

Management's Discussion and Analysis

As management of Comins Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$963,845 (*net assets*). Of this amount, \$438,916 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations
- The Township's total net assets increased by \$95,193.
- As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$370,671, a decrease of \$6,840 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$370,671 or 113% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, culture and recreation, and other. The Township does not have any business-type activities as of and for the year ended March 31, 2005.

The Government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, and Road & Public Improvement Funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11-12 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-22 of this report.

Government-wide Financial Analysis

[Because this is the first year of implementation of Governmental Accounting Standards Board Statement No. 34, which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of Township-wide data will be presented.]

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded its liabilities by \$963,845 at the close of the most recent fiscal year.

A portion of the Township's net assets (54%) reflects its investment in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Assets

		<u>Governmental Activities</u>
Current and Other Assets	\$	438,916
Capital Assets, Net		<u>610,775</u>
Total Assets	\$	<u>1,049,691</u>
Current Liabilities	\$	-0-
Long Term Liabilities		<u>85,846</u>
Total Liabilities	\$	<u>85,846</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$	524,929
Unrestricted		<u>438,916</u>
Total Net Assets	\$	<u><u>963,845</u></u>

The Township's net assets increased by \$95,193 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, decreased by \$46,777 or 10%, during fiscal year 2005.

Township's Changes in Net Assets

	Governmental Activities
Revenue:	
Program Revenue:	
Charges for services	\$ 48,683
Operating Grants and Contributions	59,861
General Revenue:	
Property Taxes	111,291
State-Shared Revenues	140,649
Interest and Rent Earnings	8,047
Other	<u>8,498</u>
Total Revenue	\$ 377,029
Expenses:	
General Government	\$ 153,040
Public Safety	51,188
Public Works	34,515
Culture and Recreation	30,021
Other	8,655
Interest on long term debt	<u>4,417</u>
Total Expenses	\$ <u>281,836</u>
Increase in Net Assets	95,193
Net Assets, Beginning of Year	<u>868,652</u>
Net Assets, End of Year	\$ <u><u>963,845</u></u>

Governmental activities. The Township's total governmental revenues increased by \$2,554 from last fiscal year. This was primarily attributed to additional revenue from property taxes. Expenses decreased by \$3,941. The decrease was primarily due to decreased Capital Outlay expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$438,930, a decrease of \$46,777 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount or \$438,930.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 113% and total fund balance represents 113% of total general fund expenditures.

The fund balance of the General Fund decreased by \$6,840 during the current fiscal year.

The Road Fund levied .9238 mills of property tax. The property tax generated \$48,734 of revenue for the year ended March 31, 2005. The fund balance of the Road fund decreased by \$43,020 during the current fiscal year.

Governmental Funds Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Road and Public Improvement Funds. The General and the Road funds budgets were amended during the year.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2005, amounted to \$610,775 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, equipment, park improvements, transfer site improvements, vehicles, and infrastructure. Additions totaled \$164,503 for the fiscal year.

Township's Capital Assets (net of depreciation)

Land	\$	36,255
Land Improvements		9,870
Buildings		107,699
Equipment		74,871
Park Improvements		95,967
Transfer Site Improvements		1,035
Vehicles		184,593
Infrastructure		<u>100,485</u>
Total	\$	<u>610,775</u>

Additional information on the Township's capital assets can be found in note 5 on page 20 of this report.

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2004-2005 fiscal year:

- The State of Michigan has made significant cuts in their operating budgets due to a downturn in the economy. The Township received less in State Shared Revenues this year than the prior fiscal year. The Township anticipates contracting with the County Road Commission for some road improvements. Our budgets were prepared with these factors in mind and will need to be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Comins Township
P.O. Box 52
Fairview, Michigan 48621

Comins Township
Statement of Net Assets
March 31, 2005

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 399,795
Receivables: (Note 4)	
Other	3,295
Property taxes	1,079
Intergovernmental	32,729
Due from Fiduciary Fund	3,097
Capital assets-net (Note 5)	<u>610,775</u>
 Total assets	 <u>1,050,770</u>
 Liabilities	
Current Liabilities:	
Accounts payable	-
Deferred revenue	1,079
Noncurrent liabilities (Note 9):	
Due within one year	14,077
Due in more than one year	<u>71,769</u>
 Total liabilities	 <u>86,925</u>
 Net Assets	
Invested in capital assets, net of related debt	524,929
Unrestricted	<u>438,916</u>
 Total net assets	 \$ <u><u>963,845</u></u>

See accompanying notes to financial statements.

Comins Township
Statement of Activities
Year Ended March 31, 2005

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
General government	\$ 153,040	\$ 16,925	\$ -	\$ (136,115)
Public safety	51,188	11,228	53,440	13,480
Public works	34,515	20,530	6,421	(7,564)
Culture and recreation	30,021	-	-	(30,021)
Other	8,655	-	-	(8,655)
Interest on long term debt	4,417	-	-	(4,417)
Total governmental activities	<u>\$ 281,836</u>	<u>\$ 48,683</u>	<u>\$ 59,861</u>	<u>(173,292)</u>
General Revenues:				
Property taxes - operating				62,550
Property taxes - road				48,741
State-shared revenues				140,649
Interest and investment earnings				8,047
Other				8,498
Total general revenues				<u>268,485</u>
Change in Net Assets				95,193
Net assets - beginning of year				<u>868,652</u>
Net assets - end of year				<u>\$ 963,845</u>
Amounts reported for governmental activities are different because:				
Net Change in Fund Balances - Total Governmental Funds				\$ (46,777)
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.				
Depreciation expense		\$ (36,301)		
Capital outlay		62,315		
Capital outlay - infrastructure		<u>102,188</u>		
				128,202
Repayments of installment loan payable principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)				
				<u>13,768</u>
Change in Net Assets of Governmental Activities				<u>\$ 95,193</u>

See accompanying notes to financial statements.

Comins Township
Governmental Funds
Balance Sheet
March 31, 2005

	General Fund	Road Fund	Nonmajor Public Improvement Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 338,556	\$ 54,935	\$ 6,304	\$ 399,795
Accounts receivable	3,295	-	-	3,295
Property taxes receivable	1,079	-	-	1,079
Due from other funds	3,097	1,754	-	4,851
Due from other governmental units	27,463	5,266	-	32,729
Total assets	<u>\$ 373,490</u>	<u>\$ 61,955</u>	<u>\$ 6,304</u>	<u>\$ 441,749</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,740	-	-	1,740
Due to other governments	-	-	-	-
Deferred revenue	1,079	-	-	1,079
Total liabilities	<u>2,819</u>	<u>-</u>	<u>-</u>	<u>2,819</u>
Fund balances				
Unreserved:				
Undesignated:				
General Fund	370,671	-	-	370,671
Road Fund	-	61,955	-	61,955
Public Improvement Fund	-	-	6,304	6,304
Total fund balances	<u>370,671</u>	<u>61,955</u>	<u>6,304</u>	<u>438,930</u>
Total liabilities and fund balances	<u>\$ 373,490</u>	<u>\$ 61,955</u>	<u>\$ 6,304</u>	<u>\$ 441,749</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund Balances - Total Governmental Funds	\$ 438,930
Elimination of due to and due from governmental funds	
Due to	1,740
Due from	(1,754)
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	922,601
Accumulated depreciation is	(311,826)
Long term liabilities are not due and payable in the current period and are not reported in the governmental funds	
Installment loans	(85,846)
Net Assets of Governmental Activities	<u>\$ 963,845</u>

See accompanying notes to financial statements.

Comins Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2005

	General Fund	Road Fund	Nonmajor Public Improvement Fund	Total Governmental Funds
Revenues				
Taxes and fees	\$ 62,550	\$ 48,741	\$ -	\$ 111,291
Licenses and permits	3,225	-	-	3,225
Federal grants	53,440	2,207	-	55,647
State grants	140,649	4,214	-	144,863
Intergovernmental	11,228			11,228
Charges for services	34,230	-	-	34,230
Interest and rentals	6,958	1,006	83	8,047
Other revenue	8,498	-	-	8,498
Total revenues	<u>320,778</u>	<u>56,168</u>	<u>83</u>	<u>377,029</u>
Expenditures				
Current:				
General government	146,762	-	-	146,762
Public safety	31,700	-	-	31,700
Public works	32,812	102,188	-	135,000
Culture and recreation	21,189	-	-	21,189
Other	8,655	-	-	8,655
Capital outlay	62,315	-	-	62,315
Debt service	18,185	-	-	18,185
Total expenditures	<u>321,618</u>	<u>102,188</u>	<u>-</u>	<u>423,806</u>
Excess of Revenues Over (Under) Expenditures	(840)	(46,020)	83	(46,777)
Other Financing Sources (Uses)				
Operating transfers in	-	3,000	3,000	6,000
Operating transfers (out)	(6,000)	-	-	(6,000)
Total other financing sources (uses)	<u>(6,000)</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,840)	(43,020)	3,083	(46,777)
Fund balance - April 1, 2004	<u>377,511</u>	<u>104,975</u>	<u>3,221</u>	<u>485,707</u>
Fund balance - March 31, 2005	<u>\$ 370,671</u>	<u>\$ 61,955</u>	<u>\$ 6,304</u>	<u>\$ 438,930</u>

See accompanying notes to financial statements.

Comins Township
Fiduciary Funds
Statement of Net Assets
March 31, 2005

	Agency Fund Type (Property Tax Collection Fund)
Assets	
Cash	\$ 6,117
Due from other funds	<u>-</u>
Total assets	<u><u>\$ 6,117</u></u>
 Liabilities	
Due to other funds	\$ 3,111
Due to other governments	<u>3,006</u>
Total liabilities	<u>6,117</u>
 Net Assets	 <u><u>\$ -</u></u>

See accompanying notes to financial statements.

Comins Township
Notes to Financial Statements
March 31, 2005

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Comins Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Township:

Reporting Entity

The Township is governed by an elected five member Township Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the Township does not contain any component units.

Government-wide and Fund Financial Statements

The Government-side financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Road Fund is used to record property tax revenue, Federal and State grants restricted for providing improvements to and maintenance to the roads.

Additionally, the Township reports the following funds:

The Tax Collection Fund accounts for property taxes collected and disbursed to other taxing authorities by the Township as required by law.

The Public Improvement Fund accounts for funds set aside by the Board for future purchases of capital assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all taxes.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Comins Township
Notes to Financial Statements
March 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2004 taxable value of the Township was \$52,753,934. The 2004 tax levy was .8519 mills for general operations raising \$44,941 for general operating purposes and .9238 mills for roads raising \$48,734 for road purposes.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Land Improvements	20 years
Buildings and additions	20-50 years
Equipment	5-20 years

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no township employees are provided with sick or vacation pay benefits.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. The Township did not have a reserved fund balance at March 31, 2005. Designations of fund balance represent tentative management plans that are subject to change. The Township did not have a designated fund balance at March 31, 2005.

Comins Township
Notes to Financial Statements
March 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Accounting Change - Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No, 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.

Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$758,097 previously reported in the General Fixed Asset Account Group. Capital assets being depreciated at April 1, 2004 previously reported in the General Fixed Asset Account Group have been reduced by \$150,473 to reflect historical cost of the Township's assets at that date.

The fund financial statements focus on major funds rather than fund types.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township adopt its budgets by April 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Townships to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

Comins Township
Notes to Financial Statements
March 31, 2005

Note 2 - Stewardship, Compliance and Accountability

Excess of expenditures over appropriations in budgeted funds:

The Township incurred expenditures in excess of amounts budgeted as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
General Government:			
Supervisor	\$ 25,973	\$ 27,313	\$ 1,340
Clerk	19,479	21,014	1,535
Treasurer	20,559	22,237	1,678
Township hall	7,926	8,688	762
Township office	3,109	3,591	482
Cemetery	16,155	17,482	1,327
Public Safety:			
Zoning	5,631	5,849	218
Public Works:			
Street lighting	6,000	6,201	201
Other:			
Social security	8,000	8,052	52
Capital Outlay	20,300	62,315	42,015
Debt Service	9,000	18,185	9,185
Road Fund:			
Public Works	50,000	102,188	52,188

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

Comins Township's deposits and investment policy are in accordance with statutory authority.

Comins Township
Notes to Financial Statements
March 31, 2005

Note 3 - Deposits and Investments (continued)

At year-end, Comins Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Township Total
Cash and cash equivalents	\$ 399,795	\$ 6,117	\$ 405,912
Investments	-	-	-
Total	<u>\$ 399,795</u>	<u>\$ 6,117</u>	<u>\$ 405,912</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking and savings)	\$ 405,912
Investments	-
	<u>\$ 405,912</u>

The deposits of the Township were reflected in the accounts of one financial institution, of which \$4 is covered by federal depository insurance.

Note 4 - Receivables

Receivables as of year-end for the Township's major funds, non-major funds and fiduciary funds in the aggregate, including applicable allowances of uncollectible accounts, are as follows:

	General Fund	Road Fund	Public Improvement Fund	Tax Coll. Fund	Total
Receivables:					
Other	\$ 3,295	\$ -	\$ -	\$ -	\$ 3,295
Property taxes	1,079	-	-	-	1,079
Intergovernmental	27,463	5,266	-	-	32,729
	<u>\$ 31,837</u>	<u>\$ 5,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,103</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Township had deferred revenue for property taxes in the General Fund in the amount of \$1,079.

Comins Township
Notes to Financial Statements
March 31, 2005

Note 5 - Capital Assets

Capital assets activity of the Township's Governmental activities were as follows:

	Balance April 1, 2004	Additions	Deletions	Balance March 31, 2005
Capital assets not being depreciated:				
Land	\$ 36,255	\$ -	\$ -	\$ 36,255
Capital assets being depreciated:				
Land improvements	25,760	-	-	25,760
Buildings	115,587	-	-	115,587
Equipment	19,443	1,575	-	21,018
Park improvements	245,639	-	-	245,639
Transfer site improvements	1,380	-	-	1,380
Buildings - fire department	37,392	-	-	37,392
Equipment - fire department	27,817	60,740	-	88,557
Vehicles - fire department	248,825	-	-	248,825
Infrastructure - roads	-	102,188	-	102,188
Subtotal	<u>721,843</u>	<u>164,503</u>	<u>-</u>	<u>886,346</u>
Accumulated Depreciation				
Land improvements	15,258	632	-	15,890
Buildings	26,534	3,306	-	29,840
Equipment	12,072	2,271	-	14,343
Park improvements	140,840	8,832	-	149,672
Transfer site improvements	276	69	-	345
Buildings - fire department	14,583	857	-	15,440
Equipment - fire department	14,071	6,290	-	20,361
Vehicles - fire department	51,891	12,341	-	64,232
Infrastructure - roads	-	1,703	-	1,703
Subtotal	<u>275,525</u>	<u>36,301</u>	<u>-</u>	<u>311,826</u>
Net capital assets being depreciated	<u>446,318</u>	<u>128,202</u>	<u>-</u>	<u>574,520</u>
Governmental Activities				
Total Capital Assets net of Depreciation	<u>\$ 482,573</u>	<u>\$ 128,202</u>	<u>\$ -</u>	<u>\$ 610,775</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 6,278
Public safety	19,488
Public works	1,703
Culture and recreation	8,832
Total governmental activities	<u>\$ 36,301</u>

Comins Township
Notes to Financial Statements
March 31, 2005

Note 6 - Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>		Amount
General Fund	\$ 3,097	Fiduciary Fund	\$	3,111
Road Fund	1,754	General Fund		1,740
Total	\$ <u>4,851</u>	Total	\$	<u>4,851</u>
<u>Transfers In</u>		<u>Transfers Out</u>		
Road Fund	\$ 3,000	General Fund	\$	6,000
Public Improvement Fund	3,000			
	\$ <u>6,000</u>			

Note 7 - Risk Management

Comins Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 8 - Pension Plan

The Township has a defined contribution retirement plan that covers all employees who earn in excess of \$300 per year. The plan is a Simplified Employee Pension (SEP) plan that is administered by First Bank. The Township may contribute up to 25% of the employee's earnings. The plan does not allow employees to make contributions. The Township's contributions are vested upon payment to the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The Township's total payroll for the year ended March 31, 2005 was approximately \$105,258. The Township's contribution of 20% to the plan was computed on 2003 calendar year eligible wages of \$81,934. The Township deposited the required amount of \$16,387.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township. The plan held no securities of the Township or other related parties during the year or at the close of the fiscal year.

Comins Township
Notes to Financial Statements
March 31, 2005

Note 9 - Long Term Debt

The general obligation long term debt consists of the following items:

<u>DESCRIPTION</u>	<u>PURPOSE</u>		<u>INTEREST RATE</u>	<u>BALANCE DUE 3/31/05</u>
Installment loan payable to USDA - Rural Development	Purchase of new fire truck	Original amount - \$108,000 Principal and interest due June 10th, interest due December 10th. Principal payments range from \$6,000 to \$10,000. Annual payments range from \$8,190 to \$9,596.	4.75%	\$ 60,000
Installment loan payable to First Bank	Purchase of used fire truck and new tank	Original amount - \$40,500 Monthly payments of \$742 commencing June 6, 2003 and concluding May 5, 2008	3.75%	25,846
				<u>\$ 85,846</u>

Changes in long term debt during the year ended March 31, 2005 are as follows:

Installment loans payable - April 1, 2004	\$ 99,614
New borrowing	-
Principal paid	(13,768)
Installment loans payable - March 31, 2005	<u>\$ 85,846</u>

Total payments due in future years are shown below:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 31, 2006	\$ 14,077	\$ 3,538	\$ 17,615
March 31, 2007	15,385	2,921	18,306
March 31, 2008	15,705	2,269	17,974
March 31, 2009	7,679	1,736	9,415
March 31, 2010	8,000	1,378	9,378
March 31, 2011-2013	<u>25,000</u>	<u>1,781</u>	<u>26,781</u>
Totals	<u>\$ 85,846</u>	<u>\$ 13,623</u>	<u>\$ 99,469</u>

Required Supplemental Information

Comins Township
 Budgetary Comparison Schedule - General Fund
 Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with
	3/31/05	3/31/05	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ 366,841	\$ 366,841	\$ 377,511	\$ 10,670
Resources (Inflows)				
Taxes and fees	67,849	67,849	62,550	(5,299)
Licenses and permits	3,500	3,500	3,225	(275)
Federal grants	-	-	53,440	53,440
State grants	140,000	140,000	140,649	649
Intergovernmental	17,000	17,000	11,228	(5,772)
Charges for services	30,707	30,707	34,230	3,523
Interest and rentals	5,500	5,500	6,958	1,458
Other	4,000	4,000	8,498	4,498
Amounts available for appropriation	<u>268,556</u>	<u>268,556</u>	<u>320,778</u>	<u>52,222</u>
Charges to Appropriations (Outflows)				
General government	128,823	142,864	146,762	3,898
Public safety	30,815	34,852	31,700	(3,152)
Public works	37,115	37,151	32,812	(4,339)
Culture and recreation	30,535	32,065	21,189	(10,876)
Other	18,800	18,800	8,655	(10,145)
Capital outlay	20,300	20,300	62,315	42,015
Debt service	9,000	9,000	18,185	9,185
Total charges to appropriations	<u>275,388</u>	<u>295,032</u>	<u>321,618</u>	<u>26,586</u>
Other Financing Sources (Uses)				
Operating transfers in (out)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(6,000)</u>	<u>(3,000)</u>
Fund Balance - end of year	<u>\$ 357,009</u>	<u>\$ 337,365</u>	<u>\$ 370,671</u>	<u>\$ 33,306</u>

Comins Township
 Budgetary Comparison Schedule - Road Fund
 Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with
	3/31/05	3/31/05	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
Fund Balance - Beginning of year	\$ 90,500	\$ 90,500	\$ 104,975	\$ 14,475
Resources (Inflows)				
Taxes and fees	40,000	40,000	48,741	8,741
Federal grants	2,071	1,849	2,207	358
State grants	-	-	4,214	4,214
Interest and rentals	954	1,000	1,006	6
Other	-	-	-	-
Amounts available for appropriation	<u>43,025</u>	<u>42,849</u>	<u>56,168</u>	<u>27,794</u>
Charges to Appropriations (Outflows)				
Public works	50,000	50,000	102,188	52,188
Capital outlay	-	-	-	-
Total charges to appropriations	<u>50,000</u>	<u>50,000</u>	<u>102,188</u>	<u>52,188</u>
Other Financing Sources (Uses)				
Operating transfers	<u>5,000</u>	<u>5,000</u>	<u>3,000</u>	<u>(2,000)</u>
Fund Balance - end of year	<u>\$ 88,525</u>	<u>\$ 88,349</u>	<u>\$ 61,955</u>	<u>\$ (11,919)</u>

Supplemental Information

Comins Township
General Fund
Detail of Expenditures - Budget and Actual
Year Ended March 31, 2005

	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TAXES:			
Property taxes	\$ -	\$ 44,967	\$ -
Property tax administration fee	-	17,583	-
Property tax penalties	-	-	-
Total Taxes	<u>67,849</u>	<u>62,550</u>	<u>(5,299)</u>
LICENSES AND PERMITS:			
Franchise fees	-	775	-
Zoning permits	-	2,450	-
Total Licenses and Permits	<u>3,500</u>	<u>3,225</u>	<u>(275)</u>
FEDERAL GRANTS:			
Equipment grant	-	53,440	-
Total Federal Grants	<u>-</u>	<u>53,440</u>	<u>53,440</u>
STATE GRANTS:			
Payments in lieu	-	1,845	-
Other grants	-	-	-
State shared revenues	-	138,804	-
Total State Grants	<u>140,000</u>	<u>140,649</u>	<u>649</u>
INTERGOVERNMENTAL			
Fire protection - Clinton Township	-	11,228	-
Total Intergovernmental	<u>17,000</u>	<u>11,228</u>	<u>-</u>
CHARGES FOR SERVICES:			
Land split fees	-	375	-
Transfer site fees	-	20,401	-
Cemetery burials	-	10,400	-
Street Lights	-	129	-
Cemetery lots	-	1,900	-
Cemetery foundations	-	1,025	-
Total Charges for Services	<u>30,707</u>	<u>34,230</u>	<u>3,523</u>
INTEREST AND RENTALS:			
Interest	-	5,788	-
Hall rental	-	1,170	-
Total Interest and Rental	<u>5,500</u>	<u>6,958</u>	<u>1,458</u>
OTHER REVENUE			
Contributions	-	-	-
Miscellaneous and refunds	-	8,498	-
Total Other Revenue	<u>4,000</u>	<u>8,498</u>	<u>4,498</u>
TOTAL REVENUES	<u>\$ 268,556</u>	<u>\$ 320,778</u>	<u>\$ 57,994</u>

Comins Township
General Fund
Detail of Expenditures - Budget and Actual
Year Ended March 31, 2005

	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
CURRENT			
GENERAL GOVERNMENT			
Legislative	\$ 24,583	\$ 23,908	\$ 675
Supervisor	25,973	27,313	(1,340)
Elections	3,433	3,267	166
Clerk	19,479	21,014	(1,535)
Pension	15,387	15,387	-
Board of Review	1,260	681	579
Treasurer	20,559	22,237	(1,678)
Township Hall	7,926	8,688	(762)
Township Office	3,109	3,591	(482)
Cemetery	16,155	17,482	(1,327)
Unallocated (insurance)	5,000	3,194	1,806
Total General Government	<u>142,864</u>	<u>146,762</u>	<u>(3,898)</u>
PUBLIC SAFETY			
Fire protection	29,221	25,851	3,370
Zoning	5,631	5,849	(218)
Total Public Safety	<u>34,852</u>	<u>31,700</u>	<u>3,152</u>
PUBLIC WORKS			
Roads	9,000	7,158	1,842
Sidewalks and signs	300	28	272
Street lighting	6,000	6,201	(201)
Sanitation - transfer site	21,851	19,425	2,426
Total Public Works	<u>37,151</u>	<u>32,812</u>	<u>4,339</u>
CULTURE AND RECREATION			
Parks	<u>32,065</u>	<u>21,189</u>	<u>10,876</u>
OTHER			
Social security	8,000	8,052	(52)
Unemployment	800	603	197
Contingency	10,000	-	10,000
Total Other	<u>18,800</u>	<u>8,655</u>	<u>10,145</u>
CAPITAL OUTLAY	<u>20,300</u>	<u>62,315</u>	<u>(42,015)</u>
DEBT SERVICE			
Principal	-	13,768	-
Interest	-	4,417	-
Total Debt Service	<u>9,000</u>	<u>18,185</u>	<u>(9,185)</u>
TOTAL EXPENDITURES	<u>\$ 295,032</u>	<u>\$ 321,618</u>	<u>\$ (26,586)</u>

Comins Township
Road Fund
Statement of Revenues and Other Financing Sources, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2005

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property Tax	\$ 40,000	\$ 48,741	\$ 8,741
Federal Grants	1,849	2,207	358
State Grants	-	4,214	4,214
Interest	<u>1,000</u>	<u>1,006</u>	<u>6</u>
Total Revenues	<u>42,849</u>	<u>56,168</u>	<u>13,319</u>
EXPENDITURES			
Public Works			
Roads	<u>50,000</u>	<u>102,188</u>	<u>(52,188)</u>
Total Expenditures	<u>50,000</u>	<u>102,188</u>	<u>(52,188)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,151)</u>	<u>(46,020)</u>	<u>(38,869)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	5,000	3,000	(2,000)
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>3,000</u>	<u>(2,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,151)	(43,020)	(40,869)
FUND BALANCE - April 1	<u>101,713</u>	<u>104,975</u>	<u>3,262</u>
FUND BALANCE - March 31	\$ <u><u>99,562</u></u>	\$ <u><u>61,955</u></u>	\$ <u><u>(37,607)</u></u>

Comins Township
Public Improvement Fund
Statement of Revenues and Other Financing Sources, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2005

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 150	\$ 83	\$ (67)
Total Revenues	150	83	(67)
EXPENDITURES			
Capital outlay	-	-	-
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	150	83	(67)
OTHER FINANCING SOURCES (USES)			
Transfers In	3,000	3,000	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	3,000	3,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,150	3,083	(67)
FUND BALANCE - April 1	-	3,221	3,221
FUND BALANCE - March 31	\$ 3,150	\$ 6,304	\$ 3,154

Comins Township
Statement of Changes in Assets and Liabilities
All Agency Funds
March 31, 2005

Current Tax Collection Fund				
	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
Assets				
Cash	\$ <u>67,560</u>	\$ <u>1,611,260</u>	\$ <u>1,672,703</u>	\$ <u>6,117</u>
Liabilities				
Due to other funds	\$ 8,312	\$ 105,644	\$ 110,845	\$ 3,111
Due to county	20,225	703,130	721,822	1,533
Due to schools	39,023	801,432	838,982	1,473
Refunds	<u>-</u>	<u>1,054</u>	<u>1,054</u>	<u>-</u>
Total liabilities	\$ <u>67,560</u>	\$ <u>1,611,260</u>	\$ <u>1,672,703</u>	\$ <u>6,117</u>

Appendice



Robert J. Carpenter, CPA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Township Board
Township of Comins
Fairview, MI 48621

We have audited the financial statements of the Township of Comins, Oscoda County, Michigan, as of and for the year ended March 31, 2005 and have issued our report thereon dated May 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Comins, Oscoda County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Comins Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The following reportable conditions were noted in the course of our audit. The general ledgers for the General, Road, and Public Improvement Funds were not in balance at March 31, 2005.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Comins, Oscoda County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, others within the organization and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter, LLP
Certified Public Accountants

May 27, 2005



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May 27, 2005

Township Board
Township of Comins
Fairview, MI 48621

In planning and performing our audit of the financial statements of Comins Township, Oscoda County, Michigan, for the year ended March 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Comins Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

We noted that the General Fund, Road Fund, and Public Improvement Fund general ledgers were not in balance at March 31, 2005. The ledgers need to be balanced on a monthly basis as they are an integral part of the control system.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit of the March 31, 2005 financial statements, and this report does not affect our report on those financial statements dated March 31, 2005. We have not considered the internal control since the date of our report.

This report is intended solely for the information and use of the Comins Township Board, management and others within the Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.